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Director
Federal Regulatory Issues

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

July 25, 1996

Ex Parte

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW Room 222
Washington, DC 20554

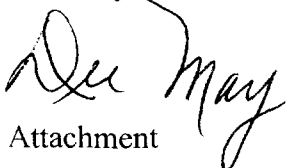
Re: CC 96-98 Implementation of the Local Competition Provisions in the Telecommunications Act of 1996 and CC 95-185

Dear Mr. Caton:

Ms. Susanne Guyer, Mr. Frank Gumper and I, representing NYNEX, met with Mr. James Coltharp of Commissioner Quello's office today regarding the above proceeding. We discussed the pricing issues associated with the implementation of the Telecommunications Act, specifically those associated with the Hatfield Model. The charts used in the discussion are attached. We also provided Mr. Coltharp with a copy of the ex parte filed on July 24 regarding the NYNEX meeting with Mr. William Kennard and other members of the Office of General Counsel on July 23. NYNEX also provided Mr. Coltharp with a copy of our ex parte filed on July 24 with Acting Secretary W. Caton which contained NYNEX's response to MCI's July 19 ex parte in which MCI and ATT presented revised cost factors to the Benchmark Cost Model under discussion in the above proceeding.

Also discussed was NYNEX's position regarding LEC and CMRS Interconnection, CC 95-185. All positions presented by NYNEX are consistent with those presented in our Comments filed in CC 96-98 and CC 95-185. Please feel free to contact me with any questions you may have.

Sincerely,


Attachment

cc: Mr. Coltharp



Comparison of Costs

HATFIELD 2.2 MODEL

VS

NYS COST MANUAL

TSLRIC:

- » Port = \$1.45/MO.
- » Loop = \$10.37/MO.

LRIC + Jnt. & Common:

- » Port = \$4.20/ MO.
- » Link = \$19.32/ MO.

Problems:

- Neither approach incorporates capital costs and economic lives consistent with riskier investments.
- Link cost does not reflect cost to connect to Port.

100% NETWORK BUSINESS USING HATFIELD PRICES:

NYNEX NET INCOME: (\$2.4B) YEAR 1
(\$2.2B) YEAR 2

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Network Elements

IXC Traffic		NYNEX Charges	
NYNEX Supplies Network Elements	CLEC Supplies	Network Elements	Access
Loop	Switch & Transport	Loop	CCL
Loop & Switch	Transport	Loop & Switch	RIC & CCL
Loop & Transport	Switching	Loop & Transport	CCL

IXC Traffic: Split Access Charges

CLEC Supplies	NYNEX Supplies	Access Charges	
		NYNEX	CLEC
Loop	Switch, Transport	Transport, RIC, Local Switching	CCL
Loop, Switch	Transport	Transport, Part of RIC	CCL, LS, Part of RIC
Transport	Switch, Loop	CCL, LS, Part of RIC	Transport, Part of RIC